

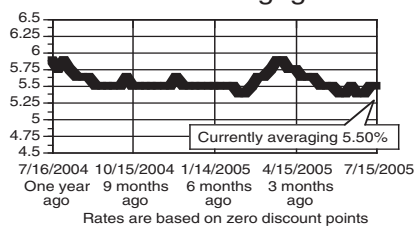


WEEKLY MORTGAGE RATE REPORT (Fax Weekly Report)

FOR THE WEEK OF 7-17-05

Annual subscription \$250 (1-800-844-4648)

30-Year Fixed Mortgage Rate



KEY INTEREST RATES

U.S. Treasury Yields	7/8/05	7/15/05
2 year T-note	3.76%	3.86%
5 year T-note	3.87%	3.99%
10 year T-note	4.08%	4.18%
30 year T-Bond	4.32%	4.41%

Discount Rate (wk. end 7/8)	4.25%
Fed Funds Rate (wk. end 7/8)	3.29%
Prime rate (wk. end 7/8)	6.25%

ARM INDEXES

Natl. Avg. Contract Mtg. Rate (May)	5.80%
12 mo. mvg. avg. (1-yr. TCM) (Jun.)	2.74%
3 mo. LIBOR (FNMA for Jun.)	3.50%
6 mo. LIBOR (FNMA for Jun.)	3.69%
National COFI (Apr.)	2.39%
11th District COFI (May)	2.62%
6 month CD (wk. end 7/8)	3.73%
1 Year TCM (wk. end 7/8)	3.52%
2 Year TCM (wk. end 7/8)	3.76%
3 Year TCM (wk. end 7/8)	3.80%
5 Year TCM (wk. end 7/8)	3.87%
7 Year TCM (wk. end 7/8)	3.96%
10 Year TCM (wk. end 7/8)	4.09%
20 Year TCM (wk. end 7/8)	4.41%

Required Yields for Delivery

	Freddie Mac (7/15/05)			
	10 day	30 day	60 day	90 day
30 year	5.50%	5.52%	5.56%	5.61%
15 year	5.01%	5.03%	5.07%	5.11%

Fannie Mae no longer offers information on required net yields.

HOUSING SNAPSHOT

	Month	Total	Change
Construction Spending	May	\$1.103 tril.	-0.9%
Housing Starts	May	2.01 mil.	+0.2%
Building Permits	May	2.05 mil.	-4.7%
Existing Home Sales	May	7.15 mil.	-0.7%
New Home Sales	May	1.30 mil.	+2.1%

MORTGAGE APPLICATION INDEXES (MBA)

Wk. ended July 8, 2005

Number of purchase applications	Down	-6.1%
Number of refinance applications	Down	-6.4%



Mortgage Rates Hold at Higher Levels Week in review 7/11/05 - 7/15/05

The bond markets have some traders worried. U.S. Treasury securities ignored economic news that would normally spur buying, leaving many to wonder if the three-year rally is over. During this period Treasury yields, which move in the opposite direction of prices, hit historic lows. But weak employment numbers in June, bombings in London, and benign inflation – things that used to rally Treasuries – have not been factors. And strong economic news is drawing funds out of Treasuries and into more profitable Wall Street ventures. As a result, sellers have outpaced buyers when it comes to government issues, and yields have climbed. The 10-year note yield hit its highest level in two months, and although mortgage rates are edging up they continue to lag the sharp rise in bond yields.

Retail Sales in June climbed a healthy 1.7 percent after coming in negative in May. And excluding auto sales, sales rose 0.7 percent – outpacing analysts' expectations. These numbers bode well for economic growth, as consumer spending is responsible for roughly two-thirds of GDP. But bond traders see it as a reason for continued Fed tightening.

The Consumer and Producer Price Indexes (CPI and PPI), which look at inflation at

the retail and wholesale levels, respectively, found none. CPI was unchanged in June and the core index, which eliminates volatile food and energy prices, rose only 0.1 percent. The PPI was unchanged in June, with the core posting a minus 0.1 percent result. Weekly first-time unemployment claims for the week ended July 8 rose to 336,000, but an increase was expected as factories retooled and school closings temporarily eliminated the need for service jobs. Industrial Production in June hit a 16-month high, rising 0.9 percent, indicating output at mines, factories and utilities is strong. The NY Empire State Index of manufacturing conditions for July mirrored this finding, soaring to 23.9 in July from a revised 10.5 in June.

Mortgage applications for the week ended July 8 fell as rates edged up, according to the Mortgage Bankers Association. Applications to purchase were down 6.1 percent, while refis were off 6.4 percent. Applications for ARMs slid 15.8 percent – the lowest level in 16 months. The rate on the 30-year-fixed mortgage (based on zero discount points) is above 5.50 percent, while the 15-year fixed-rate is just below 5.125 percent. The introductory rate on the one-year ARM remains at 3.5 percent.

Mortgage Rates May Edge Up Week in preview 7/18/05 - 7/22/05

Economic news will be scarce this week, with the few reports on tap scheduled for release on Tuesday and Thursday. The reports represent diverse sectors, with news coming from the housing market, manufacturing and employment. The void, however, could be filled by corporate earnings reports, which will be coming out in batches. And bullish reports would likely pressure Treasuries. Unless bond traders are presented with a good reason to buy or some event derails selling, Treasury yields will probably continue to creep up and mortgage rates could follow.

On Monday the Treasury will hold its weekly auction of three- and six-month T-bills. This event has no effect on the market.

Housing Starts and Building Permits for June will be released on Tuesday. These will be watched, as they provide the

first look at the housing market for June. And an unexpected move one way or the other could make waves. There are also two weekly surveys on nationwide retail sales coming out. These, however, have little impact.

There are no economic reports scheduled for release on Wednesday or Friday.

Thursday features first-time unemployment claims for the week ended July 15. These weekly reports are used to judge employment trends. The Philadelphia Fed index of July manufacturing conditions is a key barometer that provides insight into the manufacturing sector.

The Index of Leading Indicators for June looks at economic conditions three to six months down the road, but it is not well regarded by the markets.

EVENTS THAT COULD IMPACT MORTGAGE RATES THIS WEEK

Date	Time	Event	Forecast
July 18	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill	
July 19	8:00 am	ICSC-UBS report on chain store sales (Wk. end 7/15)	
	8:00 am	Redbook report on retail sales (Wk. end 7/15)	
	8:30 am	Housing Starts (June)	2.08 mil.
	8:30 am	Building Permits (June)	2.10 mil.
July 20		No economic indicators are scheduled for release	
July 21	8:30 am	Weekly Unemployment Claims (Wk. end 7/15)	
	10:00 am	Index of Leading Indicators (June)	+0.5%
	noon	Philadelphia Fed Report on July manufacturing conditions	9.0
July 22		No economic indicators are scheduled for release	

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Keeping you abreast of the ever-changing mortgage market

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TRACKING THE ECONOMY -- JULY 2005

DATE	TIME	EVENT	PERIOD	SOURCE	OUTCOME	PREVIOUS
June 20	10:00 am	Index of Leading Indicators	May	Conference Board	-0.5%	-0.2%
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
June 21	8:00 am	ICSC-UBS report on chain store sales	Wk. end June 17		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end June 17		NA	NA
June 22		No economic indicators are scheduled for release				
June 23	8:30 am	Weekly Unemployment Claims	Wk. end June 17	Dept. of Labor	314,000	334,000 (rev.)
	10:00 am	Existing Home Sales	May	Natl. Assn. of Realtors®	-0.7% @ 7.13 mil.	+4.5% @ 7.18 mil.
June 24	8:30 am	Durable Goods Orders (adv.)/ex. trans.	May	Commerce Dept.	+5.5%/ -0.2%	+1.4%/
	10:00 am	New Home Sales	May	Commerce Dept.	+2.1% @ 1.3 mil.	+0.2%/ 1.27 mil. (rev.)
June 27	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
June 28	8:00 am	ICSC-UBS report on chain store sales	Wk. end June 24		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end June 24		NA	NA
	10:00 am	Consumer Confidence Report	June	Conference Board	105.8	103.1 (rev.)
June 29	8:30 am	Gross Domestic Product (final)	1st Qtr.	Commerce Dept.	+3.8%	+3.8%
	8:30 am	GDP Chain Deflator (final)	1st Qtr.	Commerce Dept.	+2.9%	+3.2%
	8:30 am	Corporate Profits	1st Qtr.	Commerce Dept.	+1.2%	+12.2%
	9:00 am	FOMC convenes two-day meeting				
June 30	8:30 am	Weekly Unemployment Claims	Wk. end June 24	Dept. of Labor	310,000	316,000 (rev.)
	10:00 am	Chicago Purchasing Managers Institute releases index of June Mfg. Conditions			53.6	54.1
	2:15 pm	FOMC announces its decision on interest rates			+25 basis points	+25 basis points
July 1	9:45 am	Univ. of Mich. Sentiment Survey (final)	June	Univ. of Michigan	96.0	86.9
	10:00 am	New Construction	May		-0.9%	+0.5%
	10:00 am	Institute of Supply Management releases index of June Mfg. Conditions			53.8	51.5
July 4		The federal government and financial markets will be closed to observe Independence Day				
July 5	10:00 am	Factory Orders	May	Commerce Dept.	+2.9%	+0.7% (rev.)
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
July 6	8:00 am	ICSC-UBS report on chain store sales	Wk. end July 1		NA	NA
	8:00 am	Redbook report on retail sales	Wk. end July 1 vs. one year ago		+4.2%	NA
	10:00 am	Institute of Supply Management releases index of June Non-Mfg. Conditions			62.2	58.5
July 7	8:30 am	Weekly Unemployment Claims	Wk. end July 1	Dept. of Labor	319,000	312,000 (rev.)
July 8	8:30 am	The Employment Report	June	Dept. of Labor	146,000 @ 5.0%	+104,000 @ 5.1% (rev.)
	8:30 am	Hourly wage earnings	June	Dept. of Labor	+0.2% @ \$16.06	+0.2% @ \$16.03
	10:00 am	Wholesale trade/Inventories and Sales	May	Commerce Dept.	+0.1%	+0.7% (rev.)
	3:00 pm	Consumer Credit	May	Federal Reserve	NA	\$1.3 bil.
July 11	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bills				
July 12	8:00 am	ICSC-UBS report on chain store sales	Wk. end July 8	Commerce Dept.	NA	NA
	8:00 am	Redbook report on retail sales	Wk. end July 8		NA	+4.2%
July 13	8:30 am	U.S. Internatl. Trade in Goods & Services (deficit)	May	Commerce Dept.	-\$55.3 bil.	-\$56.9 bil.
	8:30 am	U.S. Import (ex. oil)/ Export (ex. ag.) Price Indexes	June	Commerce Dept.	-0.4%/ -0.1%	-0.3%/ -0.4%
	2:00 pm	Treasury Statement (monthly budget)	June	Treasury Dept.	\$22.46 bil.	\$19.1 bil.
July 14	8:30 am	Weekly Unemployment Claims	Wk. end July 8	Dept. of Labor	336,000	320,000 (rev.)
	8:30 am	Advance Retail Sales/ ex-auto	June	Commerce Dept.	+1.7%/ +0.7%	-0.3%/ 0.0% (rev.)
	8:30 am	Consumer Price Index/core rate	June	Dept. of Labor	unch./ +0.1%	-0.1%/ +0.1%
July 15	8:30 am	NY Empire State Index of July Manufacturing Conditions			23.9	10.5 (rev.)
	8:30 am	Producer Price Index/core rate	June	Dept. of Labor	unch./ -0.1%	-0.6%/ +0.1%
	8:30 am	Business Inventories/ Sales	May	Commerce Dept.	+0.1%/ -0.1%	+0.3% (inv.)
	9:15 am	Industrial Production & Capacity Utilization	June	Federal Reserve	+0.9%/ 80.0%	+0.4% / 79.4%
	9:45 am	Univ. of Mich. Sentiment Survey (prelim.)	July	Univ. of Michigan	96.5	96.0
July 18	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
July 19	8:00 am	ICSC-UBS report on chain store sales	Wk. end July 15			NA
	8:00 am	Redbook report on retail sales	Wk. end July 15			NA
	8:30 am	Housing Starts	June	Commerce Dept.		+0.2% @ 2.01 mil.
	8:30 am	Building Permits	June	Commerce Dept.		-4.7 @ 2.05 mil.
July 20		No economic indicators are scheduled for release				
July 21	8:30 am	Weekly Unemployment Claims	Wk. end July 15	Dept. of Labor		336,000
	10:00 am	Index of Leading Indicators	June	Conference Board		-0.2%
	noon	Philadelphia Fed Report on July manufacturing conditions		Federal Reserve		-2.2
July 22		No economic indicators are scheduled for release				
July 25	8:30 am	Gross Domestic Product (adv.)	2nd Qtr.	Commerce Dept.		+3.1%
	8:30 am	GDP Chain Deflator (final)	2nd Qtr.	Commerce Dept.		+3.2%
	10:00 am	Existing Home Sales	June	Natl. Assn. of Realtors®		+4.5% @ 7.18 mil.
	1:00 pm	Treasury conducts weekly auction of 3 & 6 month T-bill				
July 26	8:00 am	ICSC-UBS report on chain store sales	Wk. end July 22			NA
	8:00 am	Redbook report on retail sales	Wk. end July 22			NA
	10:00 am	Consumer Confidence Report	July	Conference Board		
July 27	8:30 am	Durable Goods Orders (adv.)/ ex. trans.	June	Commerce Dept.		+1.9%/
	10:00 am	New Home Sales	June	Commerce Dept.		+0.2%/ 1.31 mil.
	2:00 pm	Federal Reserve releases Beige Book				
July 28	8:30 am	Weekly Unemployment Claims	Wk. end July 22	Dept. of Labor		
July 29	10:00 am	Employment Cost Index	2nd Qtr.			+0.7%
	9:45 am	Univ. of Mich. Sentiment Survey (final)	July	Univ. of Michigan		85.3
	10:00 am	Chicago Purchasing Managers Institute releases index of July Business Conditions				65.6

Note: In some instances, these dates are merely approximations. Release times are Eastern Daylight Time



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INDUSTRY NEWS

July 2005 Economic Outlook from the Office of the Chief Economist at Freddie Mac

Housing continues to be a pivotal driver of economic growth. This was clear with the latest revision to the first quarter GDP growth figures, which registered housing consumption and investment at 22 percent of GDP growth over the first three months of this year. The strong support that housing activity has provided to the overall economy is further demonstrated by including consumer spending related to renovations and home buying.

Separate from housing consumption, residential fixed investment (RFI) accounted for 15 percent of first-quarter nominal GDP growth. RFI primarily consists of spending on new construction and renovations, but also includes real estate sales commissions. During the spring, new housing starts and home sales continued at a brisk pace, but single-family starts were off slightly from the record pace of the first quarter. However, new and existing home sales were poised to set another quarterly record during the second quarter. Thus, housing will continue to be an important component that sustains economic growth, although its contribution to growth will likely be less than its first-quarter stimulus.

The robust housing activity is directly related to the level of mortgage rates. The dip in 30-year fixed-rate mortgage rates to a 14-month low in June rekindled housing demand and sparked the record pace of sales activity. Adjustable-rate mortgage (ARM) rates have also remained low as lenders have gradually increased the amount of the initial-rate discount offered on these products. For example, during the last week of June, the average fully indexed rate on a 1-year ARM was 6.24 percent compared with an average starting rate of 4.24 percent, or a 200-basis point discount. This is the largest initial-rate discount on a 1-year ARM in more than five years. Larger rate discounts, and a proliferation of ARM products that offer payment flexibility (such as the "interest-only" and "option-payment" products) have kept the ARM share of originations close to one-third of primary market production. The ARM share is likely to hover around that level for much of this year before moving lower next year as the Fed continues to raise short-term interest rates.

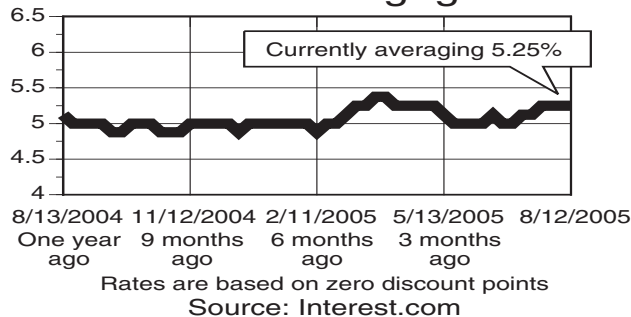
Ah yes, the Fed... According to the June 30 FOMC statement, the Fed continues to view monetary policy as accommodative. It maintains the position that it has room to move toward a neutral monetary policy at a "measured" pace. In plain English, we expect the Fed to set the federal funds target at 3.5 percent on August 9 -- a quarter-point increase timed with its next FOMC meeting, and consistent with the "measured" steps that it has taken over the past 13 months. The Fed is concerned with what it sees as near-term inflationary pressures in the economy. Some of these pressures come from record levels of crude oil prices, which have hovered near or slightly above \$60 a barrel over the past month and the tragic bombings in London that heightened the degree of economic uncertainty and may increase "risk premia" in futures contracts.

Chairman Greenspan has also expressed concern over house-price "froth" in some local markets across the U.S. According to data from LoanPerformance, investor and second-home lending, as a share of single-family purchase-money originations, has crept up over the past year, and accounted for about 20 percent of the number of prime, conventional loans during the first quarter of 2005 -- nearly double the level of six years ago. While speculative fervor could contribute to house price gains in some local markets, we expect home-value appreciation to moderate over the coming year as mortgage rates gradually move higher.

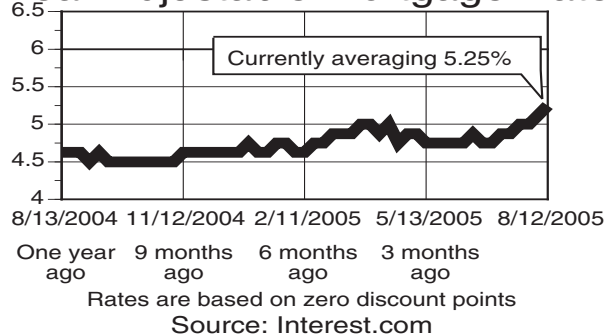
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MORTGAGE MARKET MONITOR

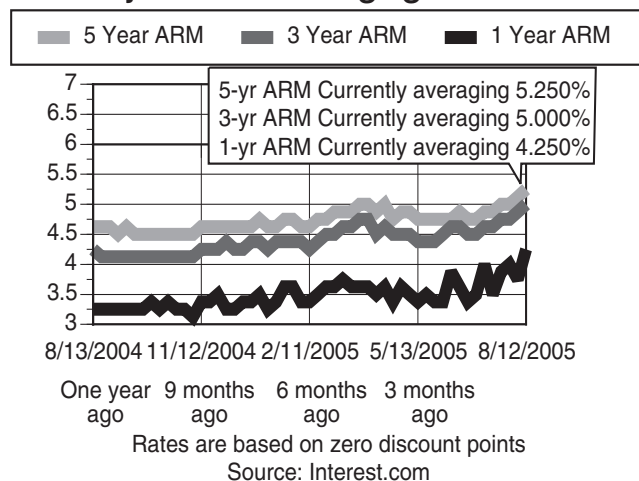
15-Year Fixed Mortgage Rate



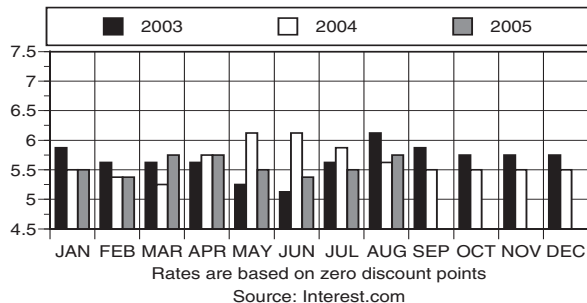
5-Year Adjustable Mortgage Rate



Adjustable Mortgage Rates



30 YEAR FIXED MORTGAGE RATE



30-year fixed-rate mortgage

